

# **EXHIBIT 3**

## Intellectual Property Rights

Trade in counterfeit and pirated goods threatens America's innovation economy, the competitiveness of our businesses, the livelihoods of U.S. workers, and, in some cases, national security and the health and safety of consumers.

Trade in these illegitimate goods is associated with smuggling and other criminal activities, and often funds criminal enterprises. CBP Trade protects the intellectual property rights of American businesses, safeguarding them from unfair competition, and use for malicious intent while upholding American innovation and ingenuity.



CBP targets and seizes imports of counterfeit and pirated goods, and enforces exclusion orders on patent-infringing and other IPR violative goods.

### Intellectual Property Rights Fiscal Year 2022 Seizure Statistics

U.S. Customs and Border Protection (CBP) and U.S. Immigration and Customs Enforcement (ICE)-Homeland Security Investigation (HSI) seized 20,812 shipments containing goods that violated Intellectual Property Rights (IPR) in Fiscal Year (FY) 2022, which equates to nearly 25 million counterfeit goods. The total estimated manufacturer's suggested retail price (MSRP) of the seized goods, had they been genuine, was over \$2.98 billion (USD). In FY 2022, ICE-HSI arrested 255 individuals, obtained 192 indictments, and received 95 convictions related to intellectual property crimes.

Handbags/Wallets topped the list for number of seizure lines with 31,035, representing 30.3% of all IPR seizures. However, Watches/Jewelry were the top products seized in terms of total MSRP value with seizures valued at over \$1.14 billion (USD), representing 38.49% of the total. Handbags/Wallets came in second with seizure lines estimated to be valued at over \$993 million (USD), corresponding to 33.31% of the total value of goods seized due to intellectual property rights violations.

In FY2022, CBP continued to target and seize illegal imports of counterfeit, unapproved, or otherwise substandard COVID-19 related products that threatened the health and safety of American consumers. These seizures included 270,135 Food and Drug Administration-prohibited COVID-19 test kits in 60 incidents, over 5.8 million counterfeit face masks in 142 incidents, and 23,653 Food and Drug Administration-prohibited hydroxychloroquine tablets in 95 incidents. By mode of transportation, data shows 21% of the seizures occurred in the Express Consignment environment, 55% were discovered in incoming mail, and approximately 41% originated in China. CBP also collaborated with partner government agencies to expedite medical supplies and personal protective equipment through the customs clearance process, while working to identify and intercept fraudulent, unapproved, or otherwise substandard material. For the latest information about CBP's efforts during COVID-19, please visit [www.cbp.gov/newsroom/coronavirus](https://www.cbp.gov/newsroom/coronavirus).

E-commerce is a growing segment of the economy in the United States. In FY 2022, CBP processed 685 million de minimis shipments (shipments valued at under \$800). CBP has been working to improve trade risk management in the e-commerce environment by working closely with the trade community and operating two test pilot programs, the Section 321 Data Pilot and the Entry Type 86 Test. In FY 2022, CBP received 466 million filings on de minimis shipments (153 million Section 321 Data Pilot; 312 million Entry Type 86). The Entry Type 86 filings accounted for over 45% of all de minimis shipments. For more information about e-commerce and the related pilot programs, please visit [www.cbp.gov/trade/basic-import-export/e-commerce](https://www.cbp.gov/trade/basic-import-export/e-commerce).

The People's Republic of China remained the primary source economy for counterfeit and pirated goods seized, accounting for a total estimated MSRP value of almost \$1.8 billion (USD) or approximately 60% of the total estimated MSRP value of all IPR seizures. Select the [Seizure Statistics Reports](#) to see the latest report.



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None

Closed Caption

**Media Assets**

**Transcript:** <https://www.cbp.gov/video/opa/2023/truth-about-counterfeits.srt>

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